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ARIZONA CORPORATION COMMISSION

June 22, 2005

Mr. William Post
Chairman and CEO
Pinnacle West Capital Corporation
P.O. Box 53999
Phoenix, Arizona 85072

Mr. Richard Silverman
General Manager
Salt River Project
1521 North Project Drive
Tempe, Arizona 85281

Dear Messrs. Post and Silverman:

The Valley's power resources will be put to the test this summer as we contend with the constant threat of wildfires and continued possibility of record heat. The monsoon season has yet to arrive and our energy demand appears to be already running at a record pace.

At the Commission's Summer Preparedness Meeting on March 18, 2005, you estimated the Valley's peak demand on a typical July day of 10,860 MW. According to your own projections, when the Westwing Substation is fully operational in early July, the Valley will have a maximum load-serving capability of 12,100 MW. In light of the Valley reaching an estimated historic peak demand of 10,400 MW on June 21, 2005, I am inquiring if APS and SRP will revise their load forecasts for this summer.

Please join me in assessing the situation to reconfirm that the Valley's power needs will be met by current resources. We will all rest better knowing that we have a sufficient load-serving capability to see us through the remainder of the summer.

Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "JH", is written over a horizontal line.

Jeff Hatch-Miller, Chairman

CC: Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Commissioner Kristin Mayes